
SUBSTITUTE HOUSE BILL 1241

State of Washington

58th Legislature

2003 Regular Session

By House Committee on Technology, Telecommunications & Energy
(originally sponsored by Representatives Sullivan, Crouse, Wood,
Morris, Grant, Schoesler, Quall, Ruderman and Schindler)

READ FIRST TIME 02/07/03.

1 AN ACT Relating to tax incentives for the distribution and retail
2 sale of biodiesel and alcohol fuels; amending RCW 82.14.050; adding a
3 new section to chapter 82.04 RCW; adding a new section to chapter 82.08
4 RCW; adding a new section to chapter 82.12 RCW; adding a new section to
5 chapter 82.14 RCW; providing an effective date; providing expiration
6 dates; and declaring an emergency.

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

8 NEW SECTION. **Sec. 1.** A new section is added to chapter 82.04 RCW
9 to read as follows:

10 (1) In computing tax there may be deducted from the measure of tax
11 amounts received from the retail sale, or for the distribution, of
12 biodiesel or alcohol fuel.

13 (2) For the purposes of this act, the following definitions apply:

14 (a) "Biodiesel fuel" means a mono alkyl ester of long chain fatty
15 acids derived from vegetable oils or animal fats for use in
16 compression-ignition engines and that meets the requirements of the
17 American society of testing and materials specification D 6751 in
18 effect as of January 1, 2003.

1 (b) "Alcohol fuel" means any alcohol made from a product other than
2 petroleum or natural gas, which is used alone or in combination with
3 gasoline or other petroleum products for use as a fuel for motor
4 vehicles, farm implements and machines, or implements of husbandry.

5 (3) This section expires July 1, 2009.

6 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.08 RCW
7 to read as follows:

8 (1) Persons who sell biodiesel or alcohol fuel at retail, or who
9 distribute biodiesel or alcohol fuel, and who have paid tax on
10 qualifying investment projects are eligible for an exemption in the
11 form of a remittance.

12 (2)(a) A person claiming an exemption from state tax in the form of
13 a remittance under this section must pay the tax imposed under RCW
14 82.08.020. The buyer may then apply to the department for remittance
15 of all or part of the tax paid.

16 If the qualifying investment project is to be used in part for
17 biodiesel or alcohol fuel refueling or distribution and in part for
18 other activities, the amount of tax that may be exempted and claimed
19 shall be based on the expected percentage of sales derived from the new
20 tangible personal property that is attributable to the biodiesel or
21 alcohol fuel refueling or distribution.

22 (b) The department shall determine eligibility under this section
23 based on information provided by the buyer and through audit and other
24 administrative records. The buyer shall on a quarterly basis submit an
25 information sheet, in a form and manner as required by the department,
26 specifying the amount of exempted tax claimed and the qualifying
27 investment project for which the exemption is claimed. The buyer shall
28 retain, in adequate detail to enable the department to determine
29 whether the investment project meets the criteria under this section:
30 Invoices; proof of tax paid; documents describing the investment
31 project; and, if part of the project is to be used for activities other
32 than biodiesel or alcohol fuel refueling or distribution, estimates of
33 expected sales attributable to the refueling and distribution and
34 expected sales attributable to other activities.

35 (c) The department shall on a quarterly basis remit exempted
36 amounts to qualifying persons who submitted applications during the
37 previous quarter.

1 (3) If the part of the qualifying investment project for which an
2 exemption is claimed is used for an activity other than biodiesel or
3 alcohol fuel refueling or distribution within three years of initial
4 operation, all tax exempted under this section shall be due.

5 (4) For the purposes of this section, the definitions in section 1
6 of this act and the following definitions apply:

7 (a) "Biodiesel or alcohol fuel refueling" means refueling with, and
8 "biodiesel or alcohol fuel distribution" means the distribution of,
9 fuel that contains at least twenty percent biodiesel fuel by volume or
10 at least eighty-five percent alcohol fuel by volume.

11 (b) "Qualifying investment project" means:

12 (i) Tangible personal property, and labor and services related to
13 the construction or installation of the personal property, acquired
14 after the effective date of this act and to be used for biodiesel or
15 alcohol fuel refueling; or

16 (ii) Motorized vehicles and other tangible personal property
17 directly related to motorized vehicular transportation, acquired after
18 the effective date of this act and to be used for biodiesel or alcohol
19 fuel distribution.

20 (5) This section expires July 1, 2009.

21 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.12 RCW
22 to read as follows:

23 (1) Persons who sell biodiesel or alcohol fuel at retail, or who
24 distribute biodiesel or alcohol fuel, and who have paid tax on
25 qualifying investment projects are eligible for an exemption in the
26 form of a remittance.

27 (2)(a) A person claiming an exemption from state tax in the form of
28 a remittance under this section must pay the tax imposed under RCW
29 82.12.020. The buyer may then apply to the department for remittance
30 of all or part of the tax paid.

31 If the qualifying investment project is to be used in part for
32 biodiesel or alcohol fuel refueling or distribution and in part for
33 other activities, the amount of tax that may be exempted and claimed
34 shall be based on the expected percentage of sales derived from the new
35 tangible personal property that is attributable to the biodiesel or
36 alcohol fuel refueling or distribution.

1 (b) Eligibility requirements under this section are the same as
2 those under section 2 of this act.

3 (c) The department shall on a quarterly basis remit exempted
4 amounts to qualifying persons who submitted applications during the
5 previous quarter.

6 (3) If the part of the qualifying investment project for which an
7 exemption is claimed is used for an activity other than biodiesel or
8 alcohol fuel refueling or distribution within three years of initial
9 operation, all tax exempted under this section shall be due.

10 (4) For the purposes of this section, the definitions in sections
11 1 and 2 of this act apply.

12 (5) This section expires July 1, 2009.

13 NEW SECTION. **Sec. 4.** A new section is added to chapter 82.14 RCW
14 to read as follows:

15 (1) The legislative authority of a local government jurisdiction
16 may allow an exemption, in the form of a remittance, from taxes under
17 this chapter to persons who sell biodiesel or alcohol fuel at retail,
18 or who distribute biodiesel or alcohol fuel, and who have paid tax on
19 qualifying investment projects.

20 (2)(a) If the local government jurisdiction has enacted the
21 exemption under this section, a person may claim an exemption from tax
22 in the form of a remittance under this section after paying all
23 applicable taxes imposed under this chapter. The buyer may then apply
24 to the department for remittance of all or part of the tax paid at the
25 same time application for remittance of state tax is made under section
26 2 or 3 of this act.

27 If the qualifying investment project is to be used in part for
28 biodiesel or alcohol fuel refueling or distribution and in part for
29 other activities, the amount of tax that may be exempted and claimed
30 shall be based on the expected percentage of sales derived from the new
31 tangible personal property that is attributable to the biodiesel or
32 alcohol fuel refueling or distribution.

33 (b) Eligibility requirements under this section are the same as
34 those under section 2 of this act.

35 (c) If the local government jurisdiction has enacted the exemption
36 under this section, the department shall on a quarterly basis, at the

1 same time amounts are remitted under section 2 or 3 of this act, remit
2 exempted amounts to qualifying persons who submitted applications
3 during the previous quarter.

4 (3) If the part of the qualifying investment project for which an
5 exemption is claimed is used for an activity other than biodiesel or
6 alcohol fuel refueling or distribution within three years of initial
7 operation, all tax exempted under this section shall be due.

8 (4) For the purposes of this section, "local government
9 jurisdiction" means any entity that has imposed a tax under this
10 chapter, and the definitions in sections 1 and 2 of this act apply.

11 (5) This section expires July 1, 2009.

12 **Sec. 5.** RCW 82.14.050 and 2002 c 56 s 406 are each amended to read
13 as follows:

14 The counties, cities, and transportation authorities under RCW
15 82.14.045, public facilities districts under chapters 36.100 and 35.57
16 RCW, and regional transportation investment districts shall contract,
17 prior to the effective date of a resolution or ordinance imposing a
18 sales and use tax, the administration and collection to the state
19 department of revenue, which shall deduct a percentage amount, as
20 provided by contract, not to exceed two percent of the taxes collected
21 for administration and collection expenses incurred by the department.
22 The remainder of any portion of any tax authorized by this chapter that
23 is collected by the department of revenue shall be deposited by the
24 state department of revenue in the local sales and use tax account
25 hereby created in the state treasury. Moneys in the local sales and
26 use tax account may be spent only for distribution to counties, cities,
27 transportation authorities, public facilities districts, and regional
28 transportation investment districts imposing a sales and use tax or for
29 sales and use tax remittance claims under section 4 of this act. All
30 administrative provisions in chapters 82.03, 82.08, 82.12, and 82.32
31 RCW, as they now exist or may hereafter be amended, shall, insofar as
32 they are applicable to state sales and use taxes, be applicable to
33 taxes imposed pursuant to this chapter. Except as provided in RCW
34 43.08.190, all earnings of investments of balances in the local sales
35 and use tax account shall be credited to the local sales and use tax
36 account and distributed to the counties, cities, transportation

1 authorities, public facilities districts, and regional transportation
2 investment districts monthly.

3 NEW SECTION. **Sec. 6.** This act is necessary for the immediate
4 preservation of the public peace, health, or safety, or support of the
5 state government and its existing public institutions, and takes effect
6 July 1, 2003.

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